

## Message Text

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PAGE 01 COPENH 01542 300752Z

15

ACTION EB-07

INFO OCT-01 EUR-12 EA-06 NEA-10 ISO-00 CAB-02 CIAE-00

COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 L-03

OMB-01 TRSE-00 SS-15 NSC-05 IO-10 /079 W

----- 117377

R 291700Z MAY 75

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 968

INFO AMEMBASSY ANKARA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY LISBON

AMEMBASSY MADRID

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY THE HAGUE

AMEMBASSY VIENNA

AMEMBASSY LONDON

AMCONSUL MELBOURNE

AMEMBASSY WELLINGTON

AMEMBASSY NEW DELHI

AMEMBASSY TOKYO

AMEMBASSY BEIRUT

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E.O. 11652: N/A

TAGS: EAIR, DA

SUBJECT: CIVAIR: AIRLINE COMMISSION RATE DISPUTE

REF: A. STATE 120937 B. STATE 109664

1. WE PASSED COPIES OF THE TEXT OF THE JOINT US-UK STATEMENT

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PAGE 02 COPENH 01542 300752Z

ON AIRLINECOMMISSION RATES (REF A) TO FONOFF AND THE PUBLIC  
WORKS - TRANSPORTATION MINISTRY. THE INITIAL REACTION OF THE

PUBLIC WORKS - TRANSPORTATION MINISTRY (DEPUTY UNDER SECRETARY SKANDS) WAS MIXED; HE WAS VERY INTERESTED IN RECEIVING THE TEXT SINCE THE DANISH GOVERNMENT CURRENTLY ALSO HAS THE PAN AM COMMISSION CASE UNDER CONSIDERATION BUT, ON THE OTHER HAND, HE THOUGHT THE BRITISH HAD BEEN "SOFT" AND THAT THE OTHER EUROPEANS, INCLUDING THE DANES, WOULD NOT BE VERY PLEASED.

2. REGARDING THE PROPOSAL FOR GOVERNMENT ACTION TO ENFORCE AGREED-UPON RATES AND TO URGE AIRLINES TO TAKE SIMILAR ACTION THROUGH IATA, SKANDS SAID HE WOULD STUDY THEM CAREFULLY BUT WAS NOT VERY SANGUINE ABOUT THE CHANCES OF SUCCESSFUL ENFORCEMENT OF ANY SUCH REGULATION IN THE "JUNGLE" OF COMPETITION AMONG AIRLINES.

3. SKANDS SAID HE WOULD INFORM US AS SOON AS POSSIBLE ABOUT THE DANISH GOVERNMENT'S REACTION TO THESE PROPOSALS AND MAY AT THAT TIME WANT TO COMMENT SPECIFICALLY ON THE PAN AM CASE.

4. PAN AM HAS BEEN IN TOUCH WITH US ON THEIR PROBLEMS. THE LOCAL REP TOLD US THAT THE GOVERNMENT HAS NOT DIRECTLY INVOKED THE BILATERAL TRANSPORT AGREEMENT ON THIS MATTER BUT IS USING A NEW "LAW OF PROFITS" ADOPTED IN MARCH AS AN OVERALL RESTRAINT ON BUSINESS PROFITS. THE GOVERNMENT ARGUMENT, IN EFFECT, IS THAT TRAVEL AGENTS COME UNDER THIS LAW PROHIBITING ANY INCREASES IN PROFIT MARGINS; THEREFORE, THE PAN AM THREE PERCENT INCENTIVE MAY NOT BE LEGALLY RECEIVED BY THE TRAVEL AGENT AND MUST EITHER BE RETURNED TO PAN AM OR PASSED ON TO THE CUSTOMER. SHOULD THE CUSTOMER RECEIVE A THREE PERCENT REBATE ON HIS TICKET, THE GOVERNMENT COULD THEN INVOKE THE BILATERAL TRANSPORT AGREEMENT AND IATA TARIFF PROVISIONS.

5. PAN AM IS NOW IN CONSULTATION WITH THE TRAVEL BUREAU ASSOCIATION OF DENMARK IN THE HOPE THAT THE ASSOCIATION WILL INITIATE A CLAIM THAT TRAVEL AGENTS DO NOT FALL UNDER THE PROVISIONS OF THE LAW ON PROFITS OR, CONVERSELY, MAINTAIN THAT THE EXISTING CONDITIONS OF THEIR TRADE ENTITLE THEM TO A DISPENSATION FROM THE GENERAL PROVISIONS OF THE LAW.

6. PAN AM HAS AGREED TO KEEP US ADVISED OF DEVELOPMENTS BUT  
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PAGE 03 COPENH 01542 300752Z

HAS NOT REQUESTED ANY ASSISTANCE.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TOURISM, AVIATION AGREEMENTS, AIR FARES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 29 MAY 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR: AIRLINE COMMISSION RATE DISPUTE  
**TAGS:** EAIR, DA, US, IATA  
**To:** STATE  
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